

# State of South Dakota

EIGHTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2013

400U0391

## HOUSE BILL NO. 1049

Introduced by: The Committee on Agriculture and Natural Resources at the request of the  
Department of Agriculture

1 FOR AN ACT ENTITLED, An Act to transfer the value added agriculture subfund from the  
2 Governor's Office of Economic Development to the Department of Agriculture.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 1-16G-24 be repealed.

5 ~~— 1-16G-24. Earnings on the revolving economic development and initiative fund and the~~  
6 ~~value added agriculture subfund may be used for the administrative costs of the Division of~~  
7 ~~Finance of the Governor's Office of Economic Development. Such earnings shall be expended~~  
8 ~~in accordance with the provisions of Title 4 on warrants drawn by the state auditor on vouchers~~  
9 ~~approved by the commissioner of the Governor's Office of Economic Development. Eligible~~  
10 ~~expenses may not exceed total interest earnings during the previous fiscal year prior to the~~  
11 ~~deduction of loan losses for the same fiscal year.~~

12 Section 2. Earnings on the value added agriculture subfund may be used by the South  
13 Dakota Department of Agriculture for the administrative costs of this program. Such earnings  
14 shall be expended in accordance with the provisions of Title 4 on warrants drawn by the state  
15 auditor on vouchers approved by the secretary of agriculture. Eligible expenses may not exceed



1 total interest earnings during the previous fiscal year prior to the deduction of loan losses for the  
2 same fiscal year.

3 Section 3. That § 1-16G-25 be repealed.

4 ~~— 1-16G-25. There is created within the revolving economic development and initiative fund~~  
5 ~~created in § 1-16G-3 the value added agriculture subfund. The purpose of the subfund created~~  
6 ~~by this section is to make grants or loans for agricultural development, feasibility studies, or~~  
7 ~~marketing.~~

8 Section 4. There is created within the rural rehabilitation fund created in § 38-6-1, the value  
9 added agriculture subfund. The purpose of the subfund created by this section is to make grants  
10 or loans for agricultural development, feasibility studies, or marketing.

11 Section 5. That § 1-16G-26 be repealed.

12 ~~— 1-16G-26. The Board of Economic Development shall designate three million dollars of the~~  
13 ~~money in the revolving economic development and initiative fund for the purposes of the value~~  
14 ~~added agriculture subfund.~~

15 Section 6. That § 1-16G-27 be repealed.

16 ~~— 1-16G-27. The Board of Economic Development shall administer the value added~~  
17 ~~agriculture subfund, and make grants or loans from the value added agriculture subfund. The~~  
18 ~~value added agriculture subfund shall be used to develop and promote value added agriculture~~  
19 ~~in South Dakota including the initial or subsequent production, use, or processing of any form~~  
20 ~~of agricultural commodity, product, or by-product in this state. For projects which involve a~~  
21 ~~separate agricultural research component, the Board of Economic Development shall consult~~  
22 ~~with the research services of South Dakota State University.~~

23 Section 7. The Value Added Finance Authority shall administer the value added agriculture  
24 subfund, and make grants or loans from the value added agriculture subfund. The value added

1 agriculture subfund shall be used to develop and promote value added agriculture in South  
2 Dakota including the initial or subsequent production, use, or processing of any form of  
3 agricultural commodity, product, or by-product in this state.

4 Section 8. That § 1-16G-28 be repealed.

5 ~~— 1-16G-28. In connection with the administration of the value added agriculture subfund, the~~  
6 ~~Board of Economic Development may, pursuant to chapter 1-26, adopt such rules as it deems~~  
7 ~~necessary to implement the purposes of §§ 1-16G-24 to 1-16G-28, inclusive, including:~~

8 ~~— (1) — Setting the application procedures for those who apply for loans or grants from the~~  
9 ~~value added agriculture subfund;~~

10 ~~— (2) — Establishing criteria to determine which applicants will receive such loans or grants;~~

11 ~~— (3) — Governing the use of proceeds of such loans or grants;~~

12 ~~— (4) — Establishing criteria for the terms and conditions upon which such loans or grants~~  
13 ~~shall be made, including the terms of security given, if any, to secure such loans; and~~

14 ~~— (5) — Governing the use of proceeds by lenders of funds advanced to the lenders by the~~  
15 ~~board including the terms and conditions upon which the proceeds shall be loaned~~  
16 ~~to borrowers for the purposes described in §§ 1-16G-24 to 1-16G-28, inclusive.~~

17 Section 9. In connection with the administration of the value added agriculture subfund, the  
18 Value Added Finance Authority may, pursuant to chapter 1-26, promulgate such rules as it  
19 deems necessary to implement the purposes of this Act, including:

20 (1) Setting the application procedures for those who apply for loans or grants from the  
21 value added agriculture subfund;

22 (2) Establishing criteria to determine which applicants will receive such loans or grants;

23 (3) Governing the use of proceeds of such loans or grants;

24 (4) Establishing criteria for the terms and conditions upon which such loans or grants

shall be made, including the terms of security given, if any, to secure such loans; and

- (5) Governing the use of proceeds by lenders of funds advanced to the lenders by the Value Added Finance Authority including the terms and conditions upon which the proceeds shall be loaned to borrowers for the purposes described in this Act.

Section 10. That § 10-47B-149 be amended to read as follows:

10-47B-149. At the beginning of each month, the secretary shall make adjustments to the motor fuel tax fund balance in the following manner:

- (1) Each July transfer an amount to the snowmobile trails' fund equal to the product of multiplying the number of licensed snowmobiles as of July first, times one hundred twenty-five gallons, times the rate of tax provided for motor fuel under this chapter;
- (2) Each July transfer from the amount of motor fuel tax collected from the motor fuel used for nonhighway purposes to the value added agriculture subfund created in ~~§ 16G-25~~ section 4 of this Act one hundred thirty-five thousand dollars;
- (3) Each July transfer from the amount of motor fuel tax collected from the motor fuel used for nonhighway purposes to the Department of Agriculture seventy-five thousand dollars to be used for a grant to the Northern Crops Institute;
- (4) Transfer to the motor fuel tax administration account two percent of the deposits made to the motor fuel tax fund during the preceding month to cover the expenses incurred in administering all motor fuel and special fuel tax laws of this state. On or about August first of each year, the preceding year's remaining motor fuel tax administration account balance, less an amount to provide cash flow within the account, shall be transferred to the state highway fund. The remaining balance is to be calculated by subtracting from the total of monthly deposits, the amount of corresponding expenses. The expense of administering the chapters relating to motor

- 1           and special fuel taxation shall be paid out of appropriations made by the Legislature;
- 2       (5)   Each July transfer from the amount of motor fuel tax collected from the motor fuel
- 3           used for nonhighway purposes to the coordinated natural resources conservation fund
- 4           five hundred thousand dollars;
- 5       (6)   Each July transfer to the parks and recreation fund an amount equal to the product of
- 6           multiplying the number of licensed motorized boats as of the previous December
- 7           thirty-first, times one hundred forty gallons, times the rate of tax provided for motor
- 8           fuels under this chapter;
- 9       (7)   Each July distribute to counties and townships as provided in § 10-47B-149.1 seven
- 10          hundred thousand dollars;
- 11       (8)   Transfer to the member jurisdictions taxes collected under the provisions of the
- 12          international fuel tax agreement; and
- 13       (9)   Transfer the remaining cash balance to the state highway fund.